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A TEXT BOOK
ON
BOOK-KEEPING;
DOUBLE ENTRY MADE EASY,

BY
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TWENTY-NINE YEARS.



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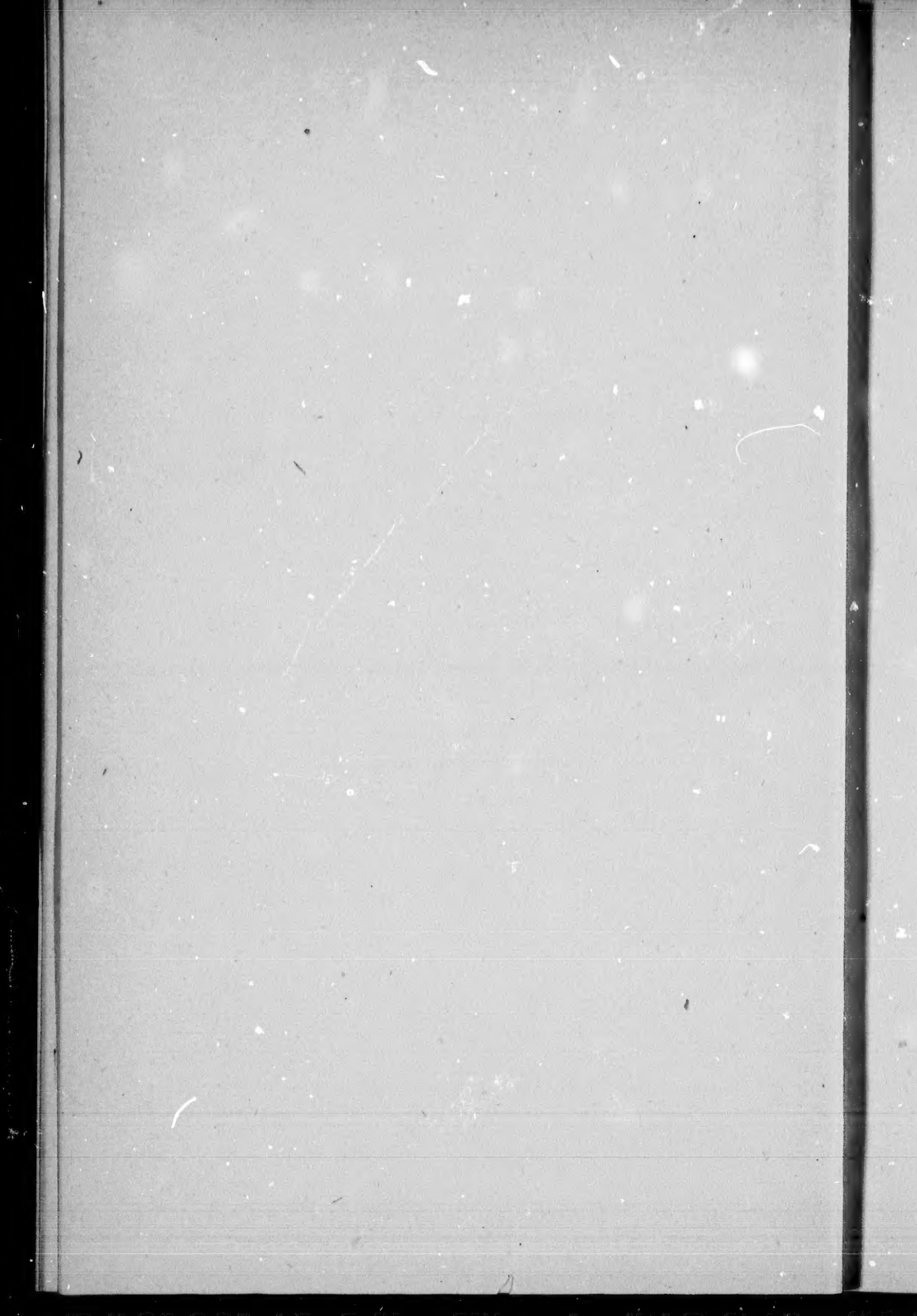
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PREFACE.

This treatise, based on an experience of twenty-nine years as Book-keeper, Accountant and Auditor, and also a practical experience in the teaching of Book-keeping, is intended to enable any person of ordinary intelligence to overcome the so-called mysteries of Book-keeping by Double Entry.

One Set of Books is quite sufficient to illustrate clearly the principles which underlie the system of Double Entry, and therefore no advantage would accrue from multiplying Sets of Books which must be based on the same principles. This, with the avoidance of unnecessary repetition, will it is hoped by presenting the matter concisely serve to impress these principles the more firmly on the learner's mind.

The reader will find it advisable to master the preliminary rules and explanations in which all necessary and practical points have been fully explained. Some of the explanations on minor points may perhaps appear unnecessary, but the author wishes to make this work sufficiently complete to assist those who may take up the subject without any previous experience.

MONTREAL, *Jan.*, 1879.

OBSERVATIONS ON BOOK-KEEPING.

The practice of keeping a record of accounts that represent value is called Book-keeping. There are only two methods of doing this work, one of which is called *Single Entry*, the other *Double Entry*; the difference between the two systems lies chiefly or altogether in the susceptibility of proof of accuracy that the latter has over the former.

SINGLE ENTRY is called by that name, because only one entry of each transaction is required to be made in the Ledger, the practice being to simply charge the person with what he receives from you, and to credit the person with what you receive from him; consequently as such transactions continually vary in substance, such as cash, notes, merchandise and the like, which usually have no place in the Single Entry Ledger, you can therefore never take off or produce a Trial Balance Sheet that will balance or give any proof that your posting to, and additions of the various accounts in the Ledger are correct. The idea of this system being *simple* is a *delusion*, because more time and perplexing labour is required to unravel an account that has been running any length of time, than would be the case by the other system; its simplicity is really the more puzzling in consequence of omitting proper accounts to represent the business under the usual heads of Cash, Merchandise, etc., etc. The advantages of proof of accuracy can only be had by the Double Entry system. Therefore, Single Entry has no redeeming points to show why it should be used at all; however, it is a lamentable fact that it is still practised by very many people who *erroneously believe in its simplicity, and imagine just as erroneously that Double Entry is a wonderful mystery, and in consequence are afraid to look into it.* Let such dispel that idea at once, and by careful investigation and study of what is here explained, they will soon *easily comprehend the beauties and advantages of Double Entry.*

DOUBLE ENTRY means that every transaction must have a place on both sides of your Ledger, but in different accounts as hereafter explained. It is not so difficult of comprehension as is generally supposed; in fact it is here made quite simple.

and only requires a little careful reflection to be readily understood. Most authors mystify this system by giving too many sets of Books, which makes people fancy that each set is different from all the others, whereas the fact is positively clear that precisely the same rules (which are the only correct ones when used at all) govern the whole work, and the idea of trying to illustrate every peculiarity by a separate set is quite superfluous for the reason just given; however, I may here state that the number of sets produced are only limited to the fancies of the author varying to suit his caprice, and are not of half as much consequence as the making clear every detail of the actual governing principles of the entire system; for let it never be forgotten that if there were fifty sets of examples produced every one of them *must positively be governed by the very same rules of Debtor and Creditor.*

This system is therefore called DOUBLE ENTRY because every transaction has a debit and credit significance attaching to it, which is in fact the key to the whole secret, and is explained thus — *to make any transaction there must of necessity be two persons concerned, one receiving, who is called debtor, and the other giving, who is called creditor,* and as a consequence both should be correctly represented when making the entry in your Books. To prevent the mixing up of your whole business under your personal name in the Ledger, and in order to keep separate the various subjects that form the most prominent features of your business, names are given to certain accounts to represent yourself under those properly subdivided heads, so as to bring all the items applicable to each such account in their proper place in the Ledger, which subdivision has no real limit; however, you may start with Cash Account, Merchandise, Bills Payable, Bills Receivable, Capital, Rent, Wages, Expenses, Interest, Profit and Loss, and many others in like manner. The operation or working of such accounts may be thus explained:—Say you pay Robert Gray five dollars in cash, you must charge him with the amount and credit yourself; now you have opened a Cash Account to represent yourself in all cash transactions, therefore Robert Gray is Debtor to Cash; which in effect when posted places on the Dr. side of Robert Gray's account \$5.00, and on the Cr. side of Cash Account \$5.00. Again, say that later Robert Gray returns this money, as you then receive it you are his debtor for the amount, while he must get credit for it, consequently the entry would be Cash Dr. to Robert Gray, because

Cash receives (as yourself) and Robert Gray gives in this latter case. The same way of illustrating the above entry in substance, applies to every transaction in your Books, but in manner hereafter referred to more fully under the heads of "Phrases," etc., and "Books."

PHRASES AND ACCOUNTS EXPLAINED.

DR. is an abbreviation of the word *debtor*, and means the person (or representative account in certain cases) *who receives* either money, merchandise or any object of value and owes for it. The word To is used in such cases only, that is, it not only follows on that side of the Ledger account and on the Dr. side of the Cash Book, but also after Dr. in the Journal as explained in that book

CR. is an abbreviation of the word *creditor*, and is the reverse of debtor, or means the person (or representative account in certain cases) *who gives*, pays out or hands over either money, merchandise or other objects of value, and the word By is used in such cases only; that is, it follows on the Cr. side of the Cash Book and Ledger.

SUNDRIES is used to cover the fact that a plurality of persons or accounts are affected by the entry. The word is only used in the Journal and Ledger as shown in the Set of Books.

JOURNALIZING means the bringing together in the Journal all the accounts (in name and amount) from the Cash Book, Invoice Book and Sales Book, preparatory to taking them to the Ledger, in the following manner: Say you want to bring the accounts from the debit side of your Cash Book, the Journal entry would be "Cash Dr. to Sundries," which means Cash is debtor in one sum for all that was received from the sundry persons (or accounts) who are as a consequence creditors for their respective amounts, which in the aggregate must be equal (to the fraction) on both sides; and to bring the amounts from the Cr. side of the Cash Book, your Journal entry would be "Sundries Dr. to Cash," which means that all the persons (and accounts) who received money are debtors for their respective amounts, and Cash must be credited for it. The same way of journalizing from the other Books must be observed, when that style of journalizing is used. *But such practice is now almost entirely superseded by posting direct from the books containing the original entries, which I strongly recommend as saving time and labour, and not being so liable to mistakes as explained under the head of Books.*

POSTING means the taking of the dates and amounts from the various books, to their proper accounts and places of debit and credit in the Ledger, as explained under the head of Books.

ASSETS mean all the values of every description that belong to a person, including of course all open accounts due to you in the Ledger and Bills Receivable on hand, also all property in which you have any interest.

LIABILITIES mean all that a person owes of every description, including Bills Payable and other obligations. There are three kinds generally mentioned, viz.: *Secured, Direct and Indirect*. The first means that the Creditor or person you owe holds security for the debt (and possibly more than enough to cover his claim); all the facts in such cases should be clearly stated. The second means all open accounts due by you, also all Bills Payable and Accepted Drafts not yet retired or paid by you. The last or indirect liabilities means that you are *secondarily* liable for all your endorsements on other people's notes and acceptances then unpaid by them, and should they fail to pay, you are bound to make good the deficiency, and also for all obligations as security for others.

BILLS PAYABLE mean promissory notes signed by you, and also Drafts accepted by you and given to another person or firm in lieu of cash, but which you are *held bound to pay* at some future date. It is called payable because you must pay it when due.

BILLS RECEIVABLE mean promissory notes signed by some other person or firm, or Drafts accepted by him and given to you in lieu of cash, and for which Notes or Drafts you expect to receive the money at maturity, hence its name.

DRAFTS are requests to pay, and are frequently used instead of notes, because their operations are more instantaneous and facilitate monetary transactions materially; when a person Draws on you, you are not obliged to accept the Draft unless you are satisfied that all is right, if you do accept it, then it must be treated as a Bill Payable.—When you Draw on another person and he accepts the same, you treat it as a Bill Receivable. See forms in Appendix.

BILLS OF EXCHANGE are really Drafts between disinterested parties such as between Banks, etc., who trade on each others credit and sell or buy Exchange according to circumstances. If you want to remit funds to England or the United States, you buy Exchange from the Bank and pay the cash for it, and remit the same to your creditor, who on presentation gets the

proceeds and gives you credit therefor, thus greatly facilitating the settlement of accounts. See forms in Appendix.

EXCHANGE means the value of foreign money, which is regulated by the market demand, time and circumstances. See Table.

DISCOUNT means the taking off a certain number of cents from the dollar, or in other words the reducing of the face value of any thing, either for the sake of settlement or for the accommodation of receiving value before maturity.

PREMIUM is precisely the reverse of Discount, or is an advance on the face value of any thing.

INTEREST. This of course is well understood to represent the value of money as to the time it is used, and consequently for accounts that run beyond the time agreed upon, it is charged or credited as the case may be. See Table.

COMMISSION is the allowance of a certain per centage made to the person buying, selling, or transacting business for another, and varies according to agreement.

CONSIGNMENT is the sending or delivering over of goods, money, or other property to any other person to be disposed of for the sender's benefit. Consignments may be either conditional or unconditional as to limits of prices, etc. The person who sends the goods or property is called the **CONSIGNOR**, and the one receiving them is the **CONSIGNEE**. The goods consigned are invariably considered to belong to the Consignor until honestly sold for his account, although they may be found in the possession of the Consignee; of course the latter has a certain lien on the goods or proceeds thereof for his charges, etc., as per agreement. All these facts should be fully noted when making the entry in the Books.

BROKERAGE differs from commission and consignment in this way. The Broker only *buys and sells on orders and samples*, he does not hold the goods or values. There are a variety of Brokers, some dealing in special lines, such as Money, Stocks, Property, Grain, Merchandise, Shipping, Insurance, etc.

ACCOUNTS, such as Insurance, Rent and Fuel, Taxes, Wages, Charges and such like, are used to represent yourself or your business under these heads, and may be multiplied to suit your own views.

STOCK or INVENTORY ACCOUNT is simply recommended to be used as a medium to regulate your Merchandise Account when you make up your Books at the end of the year, as described under the head of Profit and Loss. It is both opened and closed

the same day, and is most convenient to refer to for the one purpose although it is not absolutely necessary.

PROFIT AND LOSS ACCOUNT. To this account is charged all losses as they occur only, and when you close the year's business it becomes the medium of closing the various accounts that are *charges on your business*, and also of crediting it with stock on hand, when the balance so ascertained will show you the Profit or Loss for the year. Of course the following accounts are not closed by Profit and Loss Account, but the balances are struck and brought down merely, viz. : Cash, Bills Payable, Bills Receivable, and Consignments.

TRIAL BALANCE SHEET is the taking off on sheets of paper, or what is more preferable in a special book, the balances only of every account found in the Ledger (as shown at the end of the set of Books). It is called by this name because it is the medium of *trying* to prove the accuracy of your Books. This work should be done very often, say monthly, and must agree to the fraction, otherwise there must be some error either in the additions or posting, etc., which should be found out at once before the account in error is settled, also, because it is much easier to correct an error of short duration than one continued for months.

GENERAL BALANCE or STATEMENT OF AFFAIRS is a condensed form of the former, made up after the various accounts which are charges on the business have been closed (at the end of the year). This sheet is made to embrace every thing in a very few lines, by means of classified schedules. See form at the end of set of Books.

PARTNERSHIP means two or more persons trading together as a Firm. Their interests may be equal or they may differ and their obligations also, but all must be according to Articles of Agreement, which latter instrument should very clearly set forth all the details, and be duly executed at once. There are *Active*, *Silent*, and *Limited* Partners; *Active* partners are they who personally attend to the business, and whose names appear in that of the firm; a *Silent* Partner means a person whose actual name does not appear in that of the firm, but who is just as much liable and interested as the other; a *Limited* Partner is one who is only liable for the amount agreed upon and settled in the Act of Partnership, which must be duly executed and *registered*. *Be careful to register dissolution of partnership to avoid personal liability after it takes place.*

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charged all the year's the various of crediting obtained will be the follow-account, but viz. : Cash,

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ng together y may differ ng to Arti-ould very ted at once. Active part-, and whose er means a of the firm, the other; the amount ship, which to register after it takes

averaging of accounts is the equalizing of the time and amount of an open account so as to debit or credit the same with interest, according to circumstances, particularly where the transactions differ from the understanding between parties as to the dates when payments should be made. See Tables and explanations in appendix.

E. E. and E. & O. E. are letters only found at the bottom of accounts current, and are abbreviations meaning Errors Excepted, and Errors & Omissions Excepted. They are used solely to claim that if any mistake is subsequently discovered, the person reserves his right to correct the same, which is an admirable provision, as none are actually proof against errors.

BOOKS.

The books necessary to form a *complete set* are CASH BOOK, INVOICE BOOK, SALES BOOK, JOURNAL, and LEDGER; the BILL BOOK and BANK CHEQUE BOOK are important adjuncts. To these may be added the following auxiliary books: Diary or Day Book, Order Books, Receipt Books, Receiving Books, Forwarding Books, Inventory or Stock Books, Balance Books, Statement Books, Letter Books and such others as fancy may dictate. As much as possible do away with the Blotter Cash Book, for its use too frequently leads to carelessness and confusion and takes up more time to transcribe the work into the regular book than would be necessary to make it there correctly in the first instance. I also recommend as few books as possible to be used, so as to save trouble in case of reference to original entries.

CASH BOOK.

This must contain all your cash transactions of every kind *and nothing else*. This book might be more properly called the Cash Account, although the latter has its proper place in the Ledger. However under the present manner of keeping this book, you find on the left hand pages Dr. meaning that Cash (which means yourself under that head) is debtor for all moneys received and entered on that side, and as a consequence all names of persons or accounts found there are creditors for their respective sums; while on the other or right hand side you find Cr. which means that Cash is creditor for all amounts paid out or disposed of, and the respective persons and accounts found on such pages are debtors for their several sums. This book must be balanced at the close of every day,

and the balance brought down and cash counted at the time, so as to prove its correctness and detect any omissions on either side at once, for it is much easier to detect an error of one day's standing, than it is if allowed to run several days.

In posting from this book (which is now done to the Ledger at once instead of being journalized) great care must be observed in this way; say you post all your cash transactions every week, do not forget that *the balances must not form any part of the amount you carry to the cash account in the Ledger*; you simply carry in *one sum* the entire receipts *only* for the week, to the Dr. side of Cash Account, and in like manner you take the total amount of *actual payments in one sum* to the credit of the same account, omitting all balances on both sides; when this is done, you should ascertain the balance of Cash Account in the Ledger, and if it agrees with that in the Cash Book it is right, otherwise there must be some error either in posting or in the Cash Book itself which should be at once found out by checking the work done. Having clearly explained how to post to the Cash Account, I will but briefly repeat that you must at the same time post to the other respective accounts in the same Ledger, remembering always that all such accounts found on the left hand or Dr. side of the Cash Book must be carried to their credit, (seeing that cash has already been made debtor as explained), and all found on the right hand, or Cr. side of the Cash Book in like manner must be carried to the debit of their respective accounts.

INVOICE BOOK.

In this book is entered all goods *purchased or received in stock*, some people however prefer to gum their invoices in a book specially prepared for that purpose. You are debtor for all such goods under the head of Merchandise in the Ledger, and the several parties you purchase from are creditors when taken to their respective accounts in the Ledger. The posting from this book is to the Ledger direct, and should be done weekly, fortnightly or monthly at the outside, and in doing so add the whole amount of purchases for the time being, and carry the total in one sum to the debit of Merchandise account, and post to the credit of the respective parties as above indicated.

SALES BOOK.

In this book are entered all the credit sales of Merchandise, first being particular to get the correct name in full and address of each person, and also their mark and way of forwarding and delivering the goods, and the terms on which they are sold. Merchandise must get credit for all these sales because the stock has been reduced by the same amount, and as a consequence the several parties who have received or purchased the goods must be made debtors therefor. So you post direct to the Ledger as in the case of the Invoice Book, the total sales for the week, fortnight, or month, in one sum to the credit of Merchandise, and separately *to the debit of each purchaser* the amount of his bill. Merchandise either bought or sold for cash, as from or to parties with whom no accounts are kept in the Ledger, must be entered in the Cash Book the same as cash sales across the counter, the entry in the Cash Book in such cases would be thus: For purchases, on the right hand or Cr. side of the Cash Book Merchandise is charged with the amount paid, and some designating description and price should be given. And for all sales for cash the credit is put on the left hand or Dr. side of the Cash Book, thus Merchandise for cash sales this day, or for specific sales as the case may be. And if for special reasons either sales or purchases have been entered in the Sales or Invoice Books, and settled by cash, care must be taken to mark the fact in the margin of these books that they have been so settled, giving the page of the Cash Book where entered, so as to prevent posting these amounts twice to Merchandise Account.

JOURNAL.

This book is now only used for all entries that are neither Cash nor Merchandise, yet it is a very important book, because in it are entered transactions of the greatest consequence, such as Bills Payable when you give them out, and Bills Receivable when you get them from parties, and also for correcting entries, for interest, for property, and in fact for recording many transactions that are not admissible into the other books as already stated. When this book is properly kept the transactions recorded should be very fully explained (do not stint yourself about the paper) so that all the particulars will be easily comprehended as to the intentions of parties. It used to be the practice to pass all the work from every other book through the Journal before taking it to the Ledger, which

was called *journalizing*; but now to save time, labour and book room also, and to be more convenient and accurate in transferring to a less number of books, the posting or taking of the amounts to the Ledger is done from the original entries of the Cash Book, Invoice Book, Sales Book, and Journal direct, thus requiring but one reference from the Ledger when necessary to do so.

Remember that the form in which the entries are made in this book is really the very essence of the system of Double Entry, as such entries at once illustrate the fact that the double or two sides are set forth; also that *the debtor is always put down first and then comes the creditor*, and afterward follow the description and explanations. *Observe here that both sides are precisely equal*, and if accurately posted into the Ledger, and taken off on a balance sheet, would be sure to agree. (It is improper to put down the creditor first in making entries in this book, and quite contrary to practice). Specimen entry for illustration :

George Gray, Dr.	\$1,200 00
<i>To Bills Payable.</i>	\$1,200 00

For my note dated Jan. 2, 1878, at 3 mos.
payable at The Consolidated Bank of
Canada, in Toronto, which note is to be
renewed for 60 Days if I wish it, with
Interest on renewal at 7 per cent.

Bills Receivable, Dr.	\$1,250 00
<i>To Sundries,</i>	
John Smith, (of Chatham, Ont.).....	\$250 00

For his note dated Jan. 10, 1878, at 3
mos. payable at Union Bank of Lower
Canada, in Montreal, given to me in
full settlement of his account.

Charles Graves, (of Almonte, Ont.).....	\$1,000 00
---	------------

For his note dated Jan. 5, 1878, at 2
mos. payable at Merchants' Bank of
Canada, in Almonte, given to me on
account of purchase of land as de-
scribed in Journal, fo. 76.

Correction or Cross Entries through the Journal explained.
It is found that your clerk has charged John Smith too much
for a certain article purchased by him, and the error was not

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made in
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that the
btor is al-
afterward
that both
the Led-
to agree.
aking en-
Specimen

\$1,200 00

\$250 00

\$1,000 00

explained.
too much
r was not

discovered until after the entry was carried to the Ledger ; consequently he was made debtor for too much, and Merchandise was at the same time made creditor for too much by the same amount, therefore to correct the error you reverse the entry by making Merchandise debtor to John Smith for the amount of the error. This entry is made in the Journal and when posted corrects the mistake without erasing or altering the figures. Again : suppose that George Gray agrees to assume the debt of Charles Graves by letter or otherwise, you must make the entry through the Journal thus : George Gray Dr. to Charles Graves, for amount of the latter's account assumed by the former as per his letter of (here give date and particulars, if special conditions are attached). The effect of this will be to add to George Gray's debt the same amount that was at the debit of Charles Graves' account, and the crediting the latter with the same, makes the balance sheet again agree.

LEDGER.

This is the Chief Book of every man's business, being a concentration or collection of every account and transaction of value from all the other Books, and placed to their proper accounts, and it is the *great final Book* in which all amounts are centred. The left hand or Dr. side of every account represents what has gone out from you and to what account it is charged, and the right hand or Cr. side of every account represents what has been received by you and what account credited. These remarks are true as regards all personal accounts, but the reverse is the case as regards Cash, Merchandise, Bills Payable, and Bills Receivable, except that they represent yourself under these several heads as giving or receiving. Again let me state that all balances found on the Dr. side of this book, after striking the balances, are in reality what these respective accounts or persons owe you, and are your *assets* ; and the balances found on the Cr. side in like manner, represent what you owe, and are your *liabilities*. The Dr. side balance of Cash Account represents the cash on hand, and the Dr. side of Bills Receivable represents the notes you have on hand and not yet received the money for, and the Dr. side of Merchandise represents your stock on hand after the inventory has been correctly posted, hence these three accounts truly represent *part of your assets*. The Cr. side (balance) of Bills Payable represents your own notes that you have not yet retired or paid, and form *part of your*

liabilities. The nature of all the other accounts will clearly indicate how they stand after giving such full explanations. All the posting into this book is proved to be correct or otherwise by the Trial Balance Sheet, which should be drawn off every month or two, and so ascertain as often as possible that the two sides of your Ledger tally to the fraction, and if not, check over the posting and additions at once, so as to correct any error before you settle any account that may be in error.

Note.—In transferring the accounts from an old Ledger to a new one, all the accounts should be first balanced and a correct and proved Trial Balance Sheet made out, then transfer all the balances as they appear in the old book, in the same order to the new one. Should you not bring them all into the new Ledger, you should in that case *be sure to make the transfers through the medium of the Journal*, and open an account for that purpose in the new Ledger, and call it Old Ledger or Ledger A or B account as the case may be, as follows: say

Old Ledger, (or Ledger A or B) Dr.

To Sundries.

Here give the names (on separate lines) and the amounts or balances of all the accounts that you bring from the old Ledger, and are found on its Cr. side; and for the other side, say:

Sundries Dr.

To Old Ledger, (or Ledger A or B).

Here in like manner give the names, etc., that you bring forward from the Dr. side of the old Ledger.

By following above directions, you at once comply with the correct principles of double entry, and the accounts and balances in the new Ledger will thus be correctly represented on both sides and must agree.

BILL BOOK.

In this book are entered at once on the Bills Payable side, all notes and acceptances you may sign, before they leave your office; they should also at the same moment be entered in the Journal giving all the details which may be of the greatest importance in case of disputes and points of law, should such arise; be particular as to the date you put at the head, the time it has to run, where payable, when due, the person to whom

given and the account for which granted, the amount, and any special conditions. Such books are generally printed in form by the stationers and prepared for Bills Payable at one end, and Bills Receivable at the other end; there is generally a margin for remarks on the right hand side of the page, in which some people show how the notes have been disposed of. All Bills Receivable are entered precisely in the same way as above, but at the other end of the Bill Book.

Note.—In large firms I would recommend that the Bill Book be specially made, having one month only on each page; (there may be several pages for each month), this idea will at once recommend itself on a little careful consideration.

BANK CHEQUE BOOK.

Every person doing Banking business should always keep a book of this kind, and never sign a cheque except in his own book so as to have a marginal transcript of what he actually does in this respect, that a correct entry may be made in his Cash Book. See example which follows Bill Book.

Note.—It will be observed in the example that the Bank account is kept in the Cheque Book, which saves a multitude of entries in the Cash Book and Ledger.

The auxiliary Books speak for themselves by their designations and as they do not form any actual part of a set of books, I will pass them over.

RULES.

1. Take time to consider well what you are about to do before making an entry and so avoid mistakes. A Book-keeper should never be hurried too much, as he may be cautiously studying his work.

2. The nature of the entry to be made will at once indicate what book to use. All cash must be represented in the Cash Book, all goods or merchandise *coming in*, in the Invoice Book, and all goods or merchandise *going out* in the Sales Book. Every other description of transaction must be entered in the Journal, and should be very clearly stated.

3. Be sure you are right as to who or what is debtor, and the nature of the transaction will at once show who or what is creditor.

4. Remember always that the names of certain accounts in

your Ledger are used to represent yourself or business under their special heads.

5. All entries, especially those in the Journal, should be made as nearly as possible in the language of the bargain or understanding of the transaction. Never be afraid to use extra lines for this purpose, because if disputes arise and recourse to law becomes necessary, the clearer the entries are made, the easier will it be to prove your case before the courts.

6. In order to be most accurate in making your entries when they are unusual, you had better first write and shape them on scraps of paper, and carefully study them in that shape and make them perfectly correct before you enter them in your books. By this means you will avoid many troublesome corrections.

7. Remember that it is quite as impossible to make only one posting to the Ledger and have that book balance as it would be to put a weight on one side of a scale and have it balance. Therefore all posting to the Ledger *must* be to two or more accounts, but always aggregating the same amounts on both the debit and credit sides, that is, the debit of one account must be a credit of another. So the debit of many accounts may be the credit of only one, and the debit of one may be the credit of many, as already explained under the head of posting, as in the case of sundries.

8. Cleanliness and uniformity of style in making entries should be strictly observed in every book, also in the writing. And *avoid erasures*, because such a mode of correcting mistakes very frequently throws doubt on the minds of third parties as to the correctness of the original entry. Better far to make the correction through the Journal as explained.

9. In drawing off a *Trial Balance Sheet* you only put down the balances of each account as you find them in the Ledger, and the two sides must agree to the fraction, otherwise search for the error, first in the additions and subtractions of the Ledger and the bringing of the correct balances to your trial balance sheet, and if the error is not found there, then check your postings from the various books, and be particular in the totals of your merchandise from Invoice and Sale Books, and Cash Book, etc., for the error must be found.

10. Remember,—I again repeat it,—that the whole secret of Book-keeping by Double Entry lies in the fact that every cent that finds its way into the Ledger on one side *must* have its equivalent on the other side, but most assuredly *not* in the

same account. It is really as already stated, viz. : two parties must be represented in every transaction, one receiving who is debtor, the other giving who is creditor. One may be represented by his individual name, the other by some name used instead of his own to represent his business under such name. By a strict observance of these rules you are quite able to keep books by Double Entry.

Note.—Merchants vary in the style of getting up and keeping their Books, according to their own peculiar notions, yet the same principles govern every peculiarity of Books in use. Even those of Banks and Joint Stock Companies, if kept on the principles of Double Entry, must be governed by Debtor and Creditor.

The set of Books herein produced for illustration is adapted to a grocer's business. The reader or student can change the names of persons, accounts and trade to suit his own actual or intended business, be that what it may, and the result of his work will be precisely the same if all the rules are observed.

QUESTIONS AND ANSWERS.

Question.—In commencing business what is the first step to take with regard to your Books ?

Answer.—When I start in business by myself (that is without a partner), I write down on a sheet of paper all the particulars as to what my capital is composed of, how it is situated, and noting very minutely what claims if any there may be against me, and also what may be due to me, and having corrected and satisfied myself that such memorandum is correct, I then *should* take up my Journal and make a clear and full declaration of all the facts in that book as an explanatory note only, as being the basis for further entries, (see Journal entry in set of books hereto.) After this statement is correctly made, I then proceed to make the actual financial entries in my books according to facts. If I have cash, I make that entry in the Cash Book thus on Dr. side I state : To Capital Account for this amount belonging to me and put into my business this day. (see Journal memo.) And for everything else, such as Bills Receivable, Property, Debts due to me, or Merchandise, I make the entry solely in the Journal, (see Journal memo.)

Note.—Some people may prefer to make the statement in their Ledger or some other book, while others prefer to make no such statement at all. But I strongly recommend the

adoption of the plan here proposed as being most satisfactory under all circumstances.

Question.—What would be the necessary entries to make in case of Partnership business ?

Answer.—If I commence with one or more Partners, the first step to take is to have the *articles of co-partnership* most carefully drawn up setting forth all the facts of agreement and the capital of each fully described, the interest and duties of each as the case may be, and when duly signed, I then make the financial memo. in the Journal in accordance with the answer above noted. And then I proceed as in my own case first noted, except in this particular that each partner must have his capital account separately entered. Thus after making the general memo, if there is cash put into the business by any or each of the Partners it must appear in the Cash Book in this way :

On Dr. side.

To Charles Smith—Capital Account—For this amount put into the business this day. (See Journal memo.)

To Arthur Black—Capital Account—For this amount put into the business this day. * (See Journal memo.)

To Daniel Collins—Capital Account—For this amount put into the business this day. (See Journal memo.)

And for everything else put into the business by the respective partners the entries will appear in the Journal thus:—

Sundries, Dr.

To Charles Smith, Capital Account.

Bills Receivable.

For (*here insert the list of Notes fully described that he may put in.*)

Real Estate.

For (*here give particulars in every respect.*)

(*Open Accounts*) or debts due to Charles Smith, here give names and particulars of each party whose name will appear as debtor in the Ledger. Each on separate lines.

Sundries, Dr.

To Arthur Black, Capital Account.

Bank Stock Account.

For shares of Bank Stock put into the business this
day at per share as per agreement. (See Journal
memo.)

Merchandise Account.

For amount of Stock on hand per Inventory as per agreement, put into the business this day. (See Journal memo.)

Sundries, Dr.

To Daniel Collins, Capital Account.

Bills Receivable.

For (here insert names, &c., as above).

Charges Account.

For "Dray Horses, Harness, Waggons, &c."

Note.—The reader of course will comprehend at a glance that these illustrations are merely to show how each partner's capital should be entered up.

Question.—Having made the necessary entries at the beginning of the business, and having continued the operations for some time, how is the capital now represented?

Answer.—What then represented the capital became merged in the general business and must now form part of the assets, as most likely several, if not all, the items that formed such capital may be changed. So in the balance sheet the Assets and Liabilities did then agree and do now agree, the capital always forming part of the Liabilities, as also what was put into the business formed part of the Assets. The same is still the case.

Question.—Should you be obliged to suffer loss through the failure of a person who owes you, and he makes a final settlement with his creditors, say at 20cts. on the dollar, what entry would you make?

Answer.—If I am *obliged* to accept his terms of settlement, when he pays the amount in cash he is duly credited with the same, and when the final payment is made I then make a Journal entry thus: Profit and Loss Dr. to (here give debtor's name, etc.), for loss arising out of his failure, as settled by his creditors at —cts on the dollar, —; this amount to balance his account. Such an entry is only made when there is no chance of further collections from the debtor.

Question.—If you purchase goods in a foreign market where the currency differs from your own, how do you make the entry?

Answer.—I must enter the goods, &c., in the Invoice Book in the usual way, but adding all charges and duties and the

then current rate of exchange so as to bring all to our own currency, in order to post it in that way to the Ledger. This should always be done at once and so save the trouble of continually being obliged to reduce the amount to our currency. If no rate of exchange is fixed at the time, I take the recognized par of exchange as my guide.

Question.—How do you find out what profits or losses you have made in your business?

Answer.—I must first take an Inventory or Account of Stock on hand, and then make this Journal entry, viz.: Stock Account Dr. to Merchandise.—For amount of Stock on hand this day as per Inventory Book. When these are posted to the Ledger it makes Stock Account represent the Merchandise on hand, and the Merchandise Account is then balanced by carrying the difference of that account to Profit and Loss; I then proceed to make all the necessary charges to the several Expense Accounts up to the date of making up the Books, and then balance all such Accounts as are charges on the business through Profit and Loss Account. (See illustrations at closing a Set of Books.) Then the balance of Profit and Loss Account if on the Credit side will show the profits, and if on the Debit side will show the losses. This of course is merely as far as such results can be ascertained as regards the Merchandise transactions and expenses, still leaving the uncertainties as to the Personal and Bills Receivable Accounts, &c., and the value of Real Estate and Securities on hand if any there be. After all the above work is done, I then make Merchandise Dr. to Stock Account, for amount transferred. I do this so as to have Merchandise correctly represented with the net amount of Stock on hand at the time, as if it were an actual new purchase, and by this means I close up Stock Account.

The Reader or Student should fancy himself a merchant, and to practically illustrate his study of this work, get Quire Books ruled for the purpose, and change the names of persons and goods to suit his own views.

SET OF BOOKS

BY

DOUBLE ENTRY.


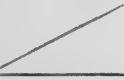

(1)

CASH

Dr.

— Cash. —

[JAN.,

1878 Jan. 1	2	To Capital Account, For this amount which I put into my business this day, as per memo in Journal,			\$5000	00
						
		<i>Ent. fo. 2</i>			\$5000	00
	3	To balance brought down.			\$4653	50
3	4	" Merchandise Account, Received for 5 bbls. Flour sold for cash @ \$5 00,	25	00		
3	7	" Merchandise Account, Received cash sales this day,	80	00	105	00
						
		<i>Ent. fo. 2</i>			\$4758	50
	8	To balance brought down.			\$4593	50
3		" Merchandise Account, Received for cash sales this day,	96	25		
12	12	" Interest & Discount Account, Received Discount from J. Tiffin & Co., 5 p.c. on \$797 50,	39	87		
3	14	" Merchandise Account, Received for cash sales this day,	65	00	201	12
						
		<i>Ent. fo. 2</i>			\$4794	62
	15	To bal. brought down and forward.			\$1334	72

See Note on opposite page.

Book.

(1)

1878.]

Contra.

Cr.

00	Jan. 7	2	By Office Expenses, Paid for Safe, \$200 00 " " Stationery, 7 50 " " Furniture, &c., 75 00 " " Fuel, 30 00	312	50		
	11	"	" Postage Account, Paid for Stamps for Circulars, &c.	3	00		
	8	"	" Charges Account, Paid crt'ge on 320 bbls. Flour @ 5c	16	00		
	9	"	" Insurance Account, Paid Royal Ins. Co. on stock of \$6000, 12 mos. to Jan. 2, 1879.	15	00	316	50
00			<i>Balance carried down</i>			4653	50
			<i>Ent. fo. 2</i>			5000	00
50	8	3	By Charges Account, Paid for Horse, Sleigh, Harness & Robes	135	00		
	13	7	" Wages Account, Paid G. Greene, storeman, 1 week	5	00		
00	16	"	" A.B.C. (My Personal Ac't.) Paid Self for House Expenses,	25	00	165	00
			<i>Balance carried down</i>			4593	50
50			<i>Ent. fo. 2</i>			\$4758	50
50	8	8	By Charges Account, Paid Cartage on 200 bbls. Fish, (Tiffin's) @ 5c.	10	00		
	15	10	" Ontario Bank Stock Account, Paid for 25 Shares @ 103 p.c. net, (This to facilitate discounts when required.)	2575	00		
12	19	12	" Joseph Tiffin & Co., Paid their bill of 2nd inst., less 5 p.c. for cash. See discount on opposite side, \$39.87,	797	50		
	3	14	" Merchandise Account, Paid for 10 tubs Butter bought on Market, net weight 430lbs @ 18c	77	40	3459	90
62			<i>Balance carried down</i>			1334	72
72			<i>Ent. fo. 2</i>			\$4794	62

NOTE.—When regular open accounts are settled after being regularly entered, put the full amount down, and charge or credit the difference to Interest and Discount Account, so as to balance without trouble.

CASH

— Cash. —

[JAN.

22

Book.

(2)

1878.]

— Contra. —

Cr.

AN.

72

00

72

22

31

53

24

Jan.	16	By Francis Chisholm, Paid him on account Salary.	10	00		
31						
13	"	" Wages Account, Paid G. Greene, storeman, (1 week)	5	00		
8	18	" Charges Account, Paid bl'ksmith repairs to sleigh, &c.	2	50		
31	21	" Robert Bridge, Paid him on account Salary.	8	00		
8	"	" Charges Account, Paid for sign and lettering on door	35	00	60	50
		<i>Balance carried down</i>			2119	22
		<i>Ent. fo. 2</i>			\$2179	72
8	23	By Charges Account, Paid travelling expenses to To- ronto and the West.	50	00		
8	24	" Charges Account, Paid Telegram from Toronto.		35		
20	25	" Kingan & Kinloch, Paid them Bill of 12th inst, less discount. (See opposite).	1050	00		
12	"	" Interest & Discount Acc't, Allowed Peter Clarke on his bill paid in advance, 3 mos. int.	8	20		
18	"	" David Torrance & Co., Paid them bill of 14th inst., less discount. (See opposite).	193	74		
22	28	" Alexander Urquhart & Co., Paid bill of 13th inst., less disc't.	228	00		
13	"	" Wages Account, Paid George Greene, storeman, (2 weeks)	10	00		
31	31	" Francis Chisholm, Paid him on account Salary.	15	00		
32	"	" Robert Bridge, Paid him on account Salary.	7	00		
16	"	" A.B.C. (My personal acc't), Paid Myself for House Expenses.	50	00	1612	29
		<i>Balance carried down</i>			2586	24
		<i>Ent. fo. 2</i>			\$4198	53

Dr.

Cash.

[FEB.,

Feb.	2	To Balance brought forward.			\$2586	24
		(NOTE—Having given regular specimens for daily balancing this book, and for weekly posting, I will now skip through several months to illustrate further operations.)				
28	15	To W. Smith & Co., Tofonto, Rec'd from them £250 0 0 Stg Ex on London at 8½ p.c. \$1208.55 Cash for bal. Bill 5th Jan. 134.45	1340	00		
Mar. 17	25	" Arthur Preston, Montreal, Received from him on account.	500	00		
12	"	" Interest & Discount Acc't, Rec'd from A. Preston Int. on above from Jan. 1, 1878, @ 7 p.c.	8	05		
April 29	9	" Joseph Wilson, Cobourg, Received from him amount of his purchase of 6th January.	985	00	2833	05
		Ent. fo. 2.			\$5419	29
May	1	To Balance brought down.			1386	54

Book.

(3)

1878.]

— Contra. —

Cr.

Feb. 21	26	By R. Reford & Co., Montreal, Paid them £250 0 0 Stg. Ex. on London at $9\frac{1}{2}$ p. c., purchased from W. Smith & Co.	1216	66		
Mar. 14	30	" Exchange Account, Paid for £400 0 0 Stg. on Lon- don at $8\frac{1}{4}$ p. c.	1924	44		
April 10	"	" Rent Account, Paid Rent of Store from 1st Jan., 1878, as per lease at \$2,000—4 mos. to 1st May.	666	66		
13	"	" Wages Account, Paid George Greene, 13 weeks in full to date @ \$5.00.	65	00		
31	"	" Francis Chisholm (clerk), Paid him for services to 1st May.	108	33		
32	"	" Robert Bridge, Paid him for services to 1st May.	51	66	4032	75
		Balance carried down			1386	54
		Ent. fo. 2			\$5419	29

INVOICE BOOK.

(1)

Montreal, January, 1878.

2						
<i>Bought of</i>						
18	D. Torrance & Co., Montreal.					
	<i>Terms, 3 mos.—</i>					
	150 bbls. Sup. Flour@	4.50	675	00		
	100 " Fancy "	4.75	475	00		
	70 " Sup. Ex. "	5.00	350	00	\$1500	00
2						
19	Joseph Tiffin & Co., Montreal.					
	<i>Terms, 4 mos.—</i>					
	50 bbls. Mackerel No. 1	5.00	250	00		
	100 " Herring, No. 1	3.85	385	00		
	50 " do. No. 2	3.25	162	50	797	50
2						
20	Kingan & Kinloch, Montreal.					
	<i>Terms, 6 mos.</i> 100 cases Gin (Green)	5.00	500	00		
	100 " (Red)	8.50	850	00	1350	00
3						
21	R. Reford & Co., Montreal.					
	<i>Terms, 4 mos.—</i>					
	25 chests Young Hyson Tea, net weight 1500 lbs. (average 60 lbs. each)@	50c.	750	00		
	10 chests Souchong Extra, net weight 600 lbs. (av. 60 lbs. ea.)	60c.	360	00		
	5 bags Java Coffee net weight 360 lbs.	25c.	90	00	1200	00
4						
22	A. Urquhart & Co., Montreal.					
	<i>Terms, 5 mos.—</i>					
	250 boxes Layer Raisins	3.00	750	00		
	250 half boxes Layer Raisins	1.60	400	00		
	50 drums Figs, say, 1000 lbs. @	4c.	40	00		
	40 doz. Ass'd. Pickles	1.50	60	00	1250	00
5						
23	Gillespie, Moffatt & Co., Montreal.					
	<i>Terms, 3 mos.—</i>					
	300 bbls. Green Cod Fish	2.50	750	00		
	200 " Labrador Herrings, No 1	4.50	900	00		
	600 bags L. Salt	1.00	600	00	2250	00
NOTE.—Of course, above entries are imaginary and made without invoices, simply for illustration.						
<i>Forward</i>					\$8347	50

INVOICE BOOK.

Montreal, January, 1878.

(2)

	<div>5</div>								
	Amount brought forward.							88347	50
	<div>12</div>								
20	Kingan & Kinloch, Montreal.								
	Terms, 6 mos.—								
	50 cases Martel's Brandy	8.00	400	00					
	50 " Henessey's pts. Brandy	9.00	450	00					
	2 doz. per case.	2.00	200	00				1050	00
	100 cases Claret, St. Julien								
	<div>13</div>								
21	R. Reford & Co., Montreal.								
	Terms, 4 mos.—								
	25 Chests Japan Tea, net weight,	40c.	600	00					
	say, 1500 lbs@								
	25 bags Mocha Coffee, net weight,	28c.	504	00				1104	00
	1800 lbs.								
	<div>13</div>								
22	A. Urquhart & Co., Montreal.								
	Terms, 5 mos.—								
	5 casks Currants, 700 lbs.	5c.	35	00					
	20 bags Rice, 3000 lbs.	4c.	120	00					
	2 casks Mustard, 70 jars, 4 lbs.	10c.	28	00					
	each, equal to 280 lbs.								
	5 bags Blk. Pepper, 750 lbs.	6c.	45	00				228	00
	<div>14</div>								
18	D. Torrance & Co., Montreal.								
	Terms, 3 mos.—								
	10 casks Sal Soda.								
	Cwts. Qrs. Lbs.				Cwts. Qrs. Lbs.				
	Wt., 5 1 0				Tare, 2 7				
	5 2 11				2 11				
	6 1 19				2 20				
	5 3 24				2 14				
	6 2 5				2 9				
	7 0 12				2 18				
	6 1 22				2 16				
	5 3 26				2 6				
	7 0 20				2 13				
	7 1 3				2 10				
	63 3 2				6 0 12				
	6 0 12								
	Net 57 2 18 or 6458 lbs.	3c.						193	74
								\$10923	24
	Ent. L. fo. 3.								

INVOICE BOOK.

(3)

Montreal, February, 1878.

3					
22	A. Urquhart & Co., Montreal.				
	<i>Terms, 5 mos.—</i>				
	10 cases Indigo (Blue) net 600				
	lbs.@	15c.	90	00	
	20 cases Glenfield Starch, 600 lbs.	8c.	48	00	\$138 00
10					
24	Crosse & Blackwell, London,				
	England.				
	<i>Terms, Cash. Per S.S. Sarmatian</i>				
	from Liverpool				
	5 casks Ass'd. Pickles, 12 doz. ea.,				
	say, 60 doz., at 3s.				
	stg. £9 0 0.				
	5 cases Assd. Jams, 20				
	20 doz. pots each,				
	say, 100 doz., at 4s.				
	stg. £20 0 0				
	£29 0 0				
	Freight to L'pool 6 0				
	Whrge, 2s.; Ins., 5s.6d. 7 6				
	Freight to Montreal 17 6				
	£30 11 0				
	* or = \$122 20 }				
	Exchange at 9½ p.c. 26 48 }				148 68
23					
18	D. Torrance & Co., Montreal.				
	<i>Terms, 3 mos.—</i>				
	50 bbls. Ex. Family Flour@	4.75	237	50	
	50 " Fancy do	4.30	215	00	452 50
25					
20	Kingan & Kinloch, Montreal.				
	<i>Terms, 6 mos.—</i>				
	5 hhds. Molasses, 120 galls. ea.,				
	say, 600 galls.@	60c.			360 00
26					
21	R. Reford & Co., Montreal.				
	<i>Terms, 4 mos.—</i>				
	10 ch'ts Twankay Tea, net wt. 600 lbs.	40c.	240	00	
	5 " (Hyson Tw'kay) " 300 "	35c.	105	00	
	10 bags Brazil Nuts " 600 "	9c.	54	00	
	10 do Almonds " 600 "	10c.	60	00	
	10 do Walnuts " 500 "	8c.	40	00	499 00
					\$1598 18
	<i>Ent. L.fo. 3</i>				

*See Exchange in Appendix.

SALES BOOK.

Montreal, January, 1878.

(1)

		3						
P C	25	Peter Clarke, Quebec.						
Q		<i>Terms, 3 mos.—via G. T. R.</i>						
		50 bbls. Sup. Flour,	4.80	240	00			
		5 " " Extra Flour,	5.30	26	50			
		5 chests Young Hyson Tea,						
		300 lbs,	60c.	180	00			
		1 bag Java Coffee, 72 lbs.,	30c.	21	60	468	10	
		3						
A M D	26	Alex. McDonald, Cornwall.						
C		<i>Terms, 3 mos.—via G. T. R.</i>						
		10 bbls. Mackerel, No. 1,	5.50	55	00			
		10 " Herrings, No. 1,	4.50	45	00			
		5 cases Gin, (green)	6.00	30	00			
		5 " " (red)	10.00	50	00	180	00	
		4						
J M	27	James Murray, Prescott.						
P		<i>Terms, 3 mos.—via G. T. R.</i>						
		25 bbls. Herring, No. 2,	4.00	100	00			
		10 " Mackerel, No. 1,	5.50	55	00			
		5 ch'ts Young Hyson, 300 lbs	60c.	180	00			
		1 " Souchong extra, 60 lbs	70c.	42	00			
		1 bag Java Coffee, 72 lbs.,	30c.	21	50	398	60	
		5						
W S C	28	Wm. Smith & Co., Toronto.						
T		<i>Terms, 3 mos.—via G. T. R.</i>						
		100 boxes Layer Raisins,	3.50	350	00			
		100 half boxes Layer Raisins,	1.90	190	00			
		100 bbls. Labd. Herrings, No. 1,	5.00	500	00			
		200 bags Lpl. Salt,	1.50	300	00	1340	00	
		6						
J W	29	Joseph Wilson, Cobourg.						
C		<i>Terms, 3 mos.—via G. T. R.</i>						
		50 cases Gin, (green)	6.00	300	00			
		50 " " (red)	9.50	475	00			
		5 chests Souchong, (extra)						
		300 lbs,	70c.	210	00	985	00	
		7						
G P C	30	G. Pringle & Co., Toronto.						
T		<i>Terms, 3 mos.—via G. T. R.</i>						
		200 bags Lpl. Salt,	1.50	300	00			
		20 doz. Pickles,	2.00	40	00	340	00	
		<i>Forward.</i>				\$3711	70	

SALES BOOK.

(2)

Montreal, January, 1878.

		7					
		Amount brought forward,				\$3711	70
P C	25	Peter Clarke, Quebec.					
Q		Terms, 3 mos.—via G. T. R.					
		50 bbls. Fancy Flour,	5.00	250	00		
		1 ch/st Souchong extra 60 lbs	70c.	42	00		
		10 boxes Layer Raisins,	3.60	36	00		
		10 Drums Figs, 200 lbs.,	7c.	14	00	342	00
		9					
J W	29	Joseph Wilson, Cobourg.					
C		Terms, 3 mos.—via G. T. R.					
		20 boxes Layer Raisins,	3.50	70	00		
		20 half boxes Layer Raisins,	1.90	38	00		
		10 Drums Figs, 200 lbs.,	7c.	14	00	122	06
		10					
J M	27	James Murray, Prescott.					
P		Terms 3 mos.—via G. T. R.					
		10 lbs. Herrings, No. 2,	4.00	40	00		
		25 bags Lpl. Salt,	1.50	37	50		
		25 bbls. Green Cod fish,	3.00	75	00	152	50
		12					
G P C	30	G. Pringle & Co., Toronto.					
T		Terms, 3 mos.—via G. T. R.					
		40 bbls. Green Cod fish,	3.00	120	00		
		20 " Labd. Herrings,	5.00	100	00		
		10 cases Martel's Brandy,	9.00	90	00		
		20 " Claret (St. Julien),	2.50	50	00	360	00
		14					
W S C	28	Wm. Smith & Co., Toronto.					
T		Terms, 3 mos.—via G. T. R.					
		3 casks Sal. Soda,					
		Cwt. qrs. lbs.	Cwt. qrs. lbs.				
		5 1 0 Tare,	2 7				
		6 1 19	2 20				
		5 3 24	2 14				
		17 2 15	1 3 13				
		Tare, 1 3 13					
		15 3 2 or,	1766 lbs.	5c.		88	30
		Ent. L. fol. 3.				\$4776	50

JOURNAL.

Montreal, January, 1878.

(1)

		2					
70	Memo.	I commenced business this day as a Grocer with the following Capital:—Cash on hand \$5000.00.—Property situated in Mountain Street which cost me \$3000.00 all paid up.—Bills Receivable \$2500.00 as per list below. Also a debt due to me by Arthur Preston which is considered good \$1500.00. See entry below, and also in Cash Book for the Cash on hand.					
		2					
06		<i>Sundries Dr.</i>					
	1	To Capital Account,				7000	00
	6	Property Account					
		For Cost of property in Mountain Street				3000	00
	5	Bills Receivable					
		For Donald Granges Note due 23rd inst. dated July 20th, 1877 at 6 mos...\$1250.00					
		For Geo. Cohn's Note due 30th, dated Oct. 27th, 1877 at 3 mos... 750.00					
		For William Cook, Note due Feb. 3rd, dated Oct. 31, 1877 at 3 mos..... 500.00				2500	00
00	17	ARTHUR PRESTON, (Montreal).					
		For this amount due by him, an old balance on sale of old Stock of Merchandise.				1500	00
		2					
30	Memo.	I rented Store No. 76 McGill Street from Harison Stephens as per lease passed before G. R. W. Kittson N. P. Terms \$2000.00 and Taxes per annum rent to run for 3 years from 1st May next,—payable every 3 mos, he is bound to do all repairs, and make the alterations necessary within ten days and to keep the premises in perfect order. I get possession to-day at above rate to 1st May.					
50							

JOURNAL.

(9)

Montreal, January, 1878.

	2				
Memo.	I engaged Francis Chisholm as Clerk at the rate of \$400.00 per annum from this date. Also Robert Bridge as junior Clerk at the rate of \$200.00 per annum from this date. Also George Greene as Storeman at the rate of \$5.00 per week, subject to dismissal by giving one week's notice.				
	12				
	<i>Sundries Dr.</i>				
4	To Bills Payable.			7550	00
18	David Torrance & Co.				
	For my note at 3 mos. from this date for bill of Flour purchased on 2nd inst. payable at Bank of Montreal here....				
		1500	00		
21	Robert Reford & Co.				
	For my note at 4 mos. from this date for bill of Tea purchased on 3rd instant, payable at Bank of Montreal here....				
		1200	00		
20	Kingan & Kinloch.				
	For my note at 6 mos. from this date for their bill of sundries purchased on 2nd inst. payable at Bank of Montreal here				
		1350	00		
23	Gillespie, Moffatt & Co.				
	For my note at 3 mos. from this date for bill of purchase of Cargo of Fish and Salt on 5th inst., payable at Bank of Montreal here.....				
		2250	00		
22	Alexander Urquhart & Co.				
	For my note at 5 mos. from this date for their bill of East India produce dated 4th inst., payable at Bank of Montreal here				
		1250	00		

JOURNAL.

Montreal, January, 1878.

(3)

15					
5	<i>Bills Receivable, Dr.</i>	551	10		
27	To James Murray, Prescott.			551	10
	For his note @ 3 months, dated 6th January and payable at Ontario Bank here—to be renewed for half amount, he paying Bank rate of discount and charges.				
23					
5	<i>Bills Receivable, Dr.</i>	340			
30	To George Pringle & Co.			340	00
	For his note @ 3 months, date January 7, 1878, payable at Bank of Toronto. Endorsed by W. Smith & Co.				
April 16.					
28	WM. SMITH & Co., Toronto, Dr.	360	00		
30	To George Pringle & Co.			360	00
	For amount of latter's account for purchase of January 12th, assumed by former as per his letter of 15th instant.				
Note.	The following entries are given to show how to close the Books at the end of the year, to ascertain if any profits have been made—I do not post them to the Ledger—But the General Balance Sheet is made up as if they were posted; this will give the reader or student a little practice in such work that may be of advantage to him.				
January 2nd, 1879.					
	<i>Stock Account, Dr.</i>	10862	50		
	To Merchandise Account.			10862	50
	For amount of Stock on hand as on this day per Inventory Book No. 1.				

JOURNAL.

(4)

Montreal, January, 1879.

<i>Merchandise Account, Dr.</i>	3942	93		
<i>To Profit and Loss Account.</i>			3942	93
For balance of account transferred, being apparent advance on goods sold during the year 1878.				
<i>Wages Account, Dr.</i>	600	00		
<i>To Sundries.</i>				
Francis Chisholm.				
For 12 months salary as clerk.			400	00
Robert Bridge,				
For 12 months salary as clerk.			200	00
<i>Profit and Loss Account, Dr.</i>	3264	35		
<i>To Sundries.</i>				
Office Expenses.				
For amount of account transferred. (The safe is valued in stock.)			312	50
Charges Account.				
For amount of account transferred. (Horse, &c., valued in stock.)			248	85
Insurance Account.				
For amount of account transferred.			15	00
Rent Account.				
For amount of account transferred, 12 months.			2000	00
Postage Account.				
For amount of account transferred.			3	00
Wages Account.				
For amount of account transferred.			685	00
<i>Interest and Discount Account, Dr.</i>	109	43		
<i>To Profit and Loss Account.</i>			109	43
For balance of account transferred.				

INDEX TO LEDGER

A	FOLIO	H	FOLIO
A. B. C. (my personal account)	16		
	-		
B		I	
Bills Payable Account	4	Insurance Account	9
Bills Receivable	5	Interest and Discount	12
Bridge, Robert	32		
C		J	
Capital Account	1		
Cash Account	2		
Charges Account	8		
Crosse & Blackwell	24		
Clarke, Peter	25		
Chisholm, Francis	31		
		K	
		Kingan & Kinloch	20
D		L	
Discount (See Int., &c.)	12		
E		M	
Exchange Account	14	Merchandise Account	3
		Murray, James	27
F		Mc	
		McDonald, Alexander	26
G			
Gillespie, Moffatt & Co.	23		

INDEX TO LEDGER—Continued.

N	FOLIO	T	FOLIO
		Torrance & Co., David - -	18
		Tiffin & Co., Joseph - -	19
O		U	
Office Expenses - - -	7	Urquhart & Co., Alex. - -	22
Ontario Bank Stock - -	15	V	
P		W	
Postage Account - - -	11	Wages Account - - -	13
Property Account - - -	6	Wilson, Joseph - - -	29
Preston, Arthur - - -	17	X	
Pringle & Co., George - \	30	Y	
Profit and Loss Account -	33	Z	
Q			
R			
Rent Account - - -	10		
Reford & Co., Robert - -	21		
S			
Smith & Co., William -	28		

Capital Account.		(1)	
Dr.		Cr.	
	1878		
	Jan.	By Sundries,	7000 00
		" Cash.	5000 00
			12000 00

Dr.

Cash Account.

Cr.

[illegible]

(3)
Cr.

Merchandise Account.

Dr.

1878		1878	4 7	By Cash.		1	105 00
Jan. 14	To Cash.	77 40	Jan. 4 7	"		1	161 25
" 2 14	" Sundries.	10923 24	" 8 14	"		1	4776 50
Feb. 3 26	"	1598 18	" 3 14	" Sundries		1 2	345 00
			" 15 18	" Cash.		2	291 50
			" 23 31	"		2	6919 57
				Balance down			
		\$12598 82					\$12598 82
May 1	To Balance	6919 57					

(4)

(4)

1878.					
Jan.	12	By D. Torrance & Co.,	2	\$1500	00
"	"	" R. Reford & Co.,	"	1200	00
"	"	" Kingan & Kinloch,	"	1350	00
"	"	" Gillespie, Moffatt & Co.,	"	2250	00
"	"	" Alex. Urquhart & Co.,	"	1250	00
				\$7550	00

NOTE.—In posting to this account, each note should be entered on separate lines in every case, and when paid set amount opposite the note paid, to facilitate checking.

NOTE.—In posting to this account, each note should be entered on separate lines in every case, and when paid set amount opposite the note paid, to facilitate checking.

(5)

Dr.

Bills Receivable Account.

Cr.

1878.		1878.		1878.		1878.		1878.		1878.	
Jan.	2	To (Capital Acc't)	D. Grange,	1	\$1250 00	Jan.	23	By Cash	D. Grange,	2	\$1250 00
"	"	"	"	"	750 00						
"	"	"	G. Cohn,	"	500 00						
"	"	"	"	"	551 10						
"	15	"	Jas. Murray	3	340 00						
"	23	"	George Pringle & Co.,	3							
					\$2141 10						

NOTE.—In posting to this account each note should be entered on separate lines in every case and when paid set amount opposite the note paid, to facilitate checking.

Mountain Street.

1878	2	To Capital Account,	1	\$3000	00
Jan.					

Cr.

Office Expense Account.

Dr.

1878.	Jan.	2	To Cash,	1	\$312	50
-------	------	---	----------	---	-------	----

(12)

Interest and Discount Account.

Dr.

Cr.

1878 Jan'y.	25	To Cash.	2	8	20	1878 Jan'y.	12	By Cash.	1	39	87
		Balance.....		109	43	"	25	"	2	58	31
						"	28	"	2	11	40
				\$117	63	March.	25	"	3	8	05
										\$117	63
						May.	1	By Balance.		\$109	43

(83)

[illegible]

Cr.

Exchange Account.

Dr.

1878.	March, 30	To Cash,	3	\$1924	44
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Ontario Bank Stock Account.

Ch.

51

Of.

Dr.

52

Cr.

53

Cr.

[illegible]

Dr.

1878.	12	To Cash,	1	\$797	50
1878.	Jan.		2	By Merchandise,	1
					\$797
					50

56

Cr.

1878	To Bills Payable,	2	\$1250 00	1878.	4	By Merchandise,	1	\$1250 00
Jan. 12				Jan.				
" " 28	Cash,	2	228 00	" "	13	" "	2	228 00
				Feb.	3	" "	3	\$138 00

Gillespie, Moffatt & Co., Montreal.

Montreal.

(55)

८.

1878 Jan.	12	To Bills Payable,	2	\$2250 00	1878 Jan.	5	By Merchandise,	1	\$2250 00
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(24)

Dr.

Cross & Blackwell, London, England.

Cr.

1878	By Merchandise,	3	\$148	68
Feb.	10			

(25)

Dr.

Peter Clarke,

Quebec.

Cr.

[illegible]

Cr.

Alexander McDonald, Cornwall.

Dr.

1878.	3	To Merchandise,	1	\$180	00
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Cr.

[illegible]

(28)

Dr.

Wm. Smith, & Co.,

Toronto.

Cr.

1878.			1878.					
Jan.	5	To Merchandise,	1	\$1340 00	15	By Cash and Exchange,	3	\$1340 00
"	14	"	2	88 30				
April	16	" Geo. Pringle & Co.,	3	369 00				
				418 30				

[illegible]

Dr.		Francis Chisholm, (My Clerk.)		(31) Cr.	
1878.					
Jan. 16	To Cash,	2	\$10 00		
" 31	" "	2	15 00		
April 30	" "	3	108 33		
			\$133 33		

Cr.

1878.	To Cash,		
Jan. 21		\$8	00
" 31	" "	7	00
April 30	" "	51	66
		\$66	66

Cr.
(33)

Profit and Loss Account.

(33)

Cr.

[illegible]

TRIAL BALANCE SHEET.

May 1st, 1878.

Ledger folio.		Dr.		Cr.	
1	Capital Account.			12,000	00
2	Cash . "	1,386	54		
3	Merchandise "	6,919	57		
4	Bills Payable Account.			7,550	00
5	Bills Receivable "	2,141	10		
6	Property "	3,000	00		
7	Office Expenses "	312	50		
8	Charges "	248	85		
9	Insurance "	15	00		
10	Rent "	666	66		
11	Postage "	3	00		
12	Interest and Discount Account			109	43
13	Wages "	85	00		
14	Exchange "	1,924	44		
15	Ontario Bank Stock "	2,575	00		
16	A. B. C. (my own account).	75	00		
17	Arthur Preston.	500	00		
18	David Torrance & Co.			452	50
19	Joseph Tiffin & Co.	.....	...	.....	...
20	Kingan & Kinloch.			360	00
21	Robert Reford & Co.			386	34
22	Alexander Urquhart & Co.			138	00
23	Gillespie, Moffatt & Co.	.....	...	.....	...
24	Cross & Blackwell.			148	68
25	Peter Clarke.	342	00		
26	Alexander McDonald.	180	00		
27	James Murray.	.....	...	.....	...
28	William Smith & Co.	448	30		
29	Joseph Wilson.	122	00		
30	George Pringle & Co.	.....	...	.....	...
31	Francis Chisholm.	133	33		
32	Robert Bridge.	66	66		
33	Profit and Loss Account.	.....	...	.....	...
		\$21,144	95	\$21,144	95

General Balance Sheet or Statement of Affairs

Made up as on January 1st, 1879.

Assets —Cash on hand,	1386	54			
Exchange on hand,	1924	44			
Ontario Bank Stock,	2575	00			
Bills Receivable, Schedule A,	2141	10			
Property,	3000	00			
Merchandise per Inventory,	10862	50			
Open Accounts, Schedule B,	1667	30	\$23556	88	
Liabilities —Bills Payable, Schedule C,	7550	00			
Open Accounts, Schedule D,	3218	87			
Capital Account,	12000	00	22768	87	\$788 01
Profit and Loss Account — Profit,	\$788	01			

SCHEDULE A.

G. Cohn.	\$750	00
W. Cooke.	500	00
Jas. Murray.	551	10
Geo. Pringle & Co.	340	00
	\$2141	10

SCHEDULE C.

D. Torrance & Co.	\$1500	00
R. Reford & Co.	1200	00
Kingan & Kinloch.	1350	00
Gillespie, Moffatt & Co.	2250	00
Alex. Urquhart & Co.	1250	00
	\$7550	00

SCHEDULE B.

Arthur Preston.	500	00
Peter Clark.	342	00
Alex. McDonald.	180	00
Wm. Smith & Co.	448	30
Joseph Wilson.	122	06
A.B.C. (Myself.)	75	00
	\$1667	30

SCHEDULE D.

D. Torrance & Co.	\$452	50
Kingan & Kinloch.	360	00
R. Reford & Co.	386	34
Alex. Urquhart & Co.	138	00
Crosse & Blackwell.	148	68
Rent Ac., H. Stephens.	1333	34
Francis Chisholm.	206	67
Robert Bridge.	133	34
	\$3218	87

BILL-BOOK. Bills Payable.

No.	PLACE.	DATE.	DRAWER.	WHOSE FAVOUR.	ENDORSER.	WHERE PAYABLE.	TIME.	Jan.	Feb.	Mar.	April.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	EST.	AMOUNT.
		1878,																		JL	
1	Montreal,	Jan. 12,	Myself.	D. Torrance & Co.,	.....	Bank of Montreal.	3 mo.				15									2	\$1500 00
2	"	" 12,	"	R. Reford & Co.,	.....	"	4 mo.				15									"	1200 00
3	"	" 12,	"	Kingan & K.,	.....	"	6 mo.					15								"	1350 00
4	"	" 12,	"	Gillespie, M. & Co.,	.....	"	3 mo.				15									"	2250 00
5	"	" 12,	"	A. Urquhart & Co.,	.....	"	5 mo.					15								"	1250 00

Bill-Books are generally prepared and sold by Stationers ready for use—having Payable at one end and Receivable at the other. In large houses, it would be found better to have only one month on each page, of course giving a number of pages to each month and having the names of the month on marginal slip or cut.

Bills Receivable.

No.	PLACE.	DATE.	DRAWER.	WHOSE FAVOUR.	ENDORSER.	WHERE PAYABLE.	TIME.	Jan.	Feb.	Mar.	April.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	EST.	AMOUNT.
																				JL	
1	Almonte,	July 20, '77,	D. Grange,	My favour,	.....	My office,	6 mo.													1	\$1250 00
2	Ottawa,	Oct. 27, '77,	G. Cohn.	"	.....	"	3 mo.													"	

Bills Receivable.

No.	PLACE.	DATE.	DRAWER.	WHOSE FAVOUR.	ENDORSER.	WHERE PAYABLE.	TIME.	Jan.	Feb.	Mar.	April.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Ext.	AMOUNT.
1	Almonte,	July 20, '77.	D. Grange,	My favour,	.....	My office,	6 mo.	23												Jl.	\$1250 00
2	Ottawa,	Oct. 27, '77.	G. Cohn.	"	.....	"	3 mo.	34												"	750 00
3	Brockville,	Oct. 31, '77.	W. Cook,	"	.....	"	3 mo.													"	500 00
4	Prescott,	Jan. 6, '78.	Jas. Murray,	"	.....	Ont. Bk. Montreal.	3 mo.		2		9									3	551 10
5	Toronto,	Jan. 7, '78.	Geo. Pringle & Co.,	"	.....	Bank of Toronto,	3 mo.				16									3	340 00

No.	Jan.	1878.	To	Account	Destroyed.	Amount,	Entered C. B. fo.
No.	Jan.	1878.	To	Account	Destroyed.	Amount,	Entered C. B. fo.
No.	Jan.	1878.	To	Account	Destroyed.	Amount,	Entered C. B. fo.
No.	Jan.	1878.	To	Account	Destroyed.	Amount,	Entered C. B. fo.

Consolidated Bank Account.

1878				
Jan.	3	Deposited,	\$4000	00
	7	Do.	500	00
			4500	00
	10	Less Chk. No. 1	2575	00
			1925	00
	12	Less Chk. No. 2.	797	50
			1127	50
	16	Deposited,	500	00
	20	Do.	300	00
	23	Do.	1300	00
	25	Do.	500	00
			3727	50
	25	Less Chk. No. 3	1050	00
			2677	50
	25	Less Chk. No. 4	193	74
			\$2483	76
		Forward		

No. 1. Jan. 10

To McDougall & D

Acc't Ontario Ban

Am

Entered C. B. fo. 1.

No. 2. Jan. 12th

To JOSEPH TIFFIN &

Acc't Mdse.

Amo

Entered C. B. fo. 3.

No. 3. Jan. 25th, 1

To KINGAN & KINLOCK

Acc't Mdse.

Amo

Entered C. B. fo. 4.

No. 4. Jan. 25th, 1

To D. TORRANCE & CO

Acc't Mdse.

Amo

Entered C. B. fo. 2.

BANK CHEQUE BOOK.

No. 1. Jan. 10th, 1878.

TO McDougall & Davidson.

Acc't Ontario Bank Stock.

Amount, \$ 2575 00

Entered C. B. fo. 1.

No. 2. Jan. 12th, 1878.

TO JOSEPH TIFFIN & Co.

Acc't Mdse.

Amount, \$ 797 50

Entered C. B. fo. 3.

No. 3. Jan. 25th, 1878.

TO KINGAN & KINLOCH.

Acc't Mdse.

Amount, \$ 1050 00

Entered C. B. fo. 4.

No. 4. Jan. 25th, 1878.

TO D. TORRANCE & Co.

Acc't Mdse.

Amount, \$ 193 74

Entered C. B. fo. 2.

Consolidated Bank of Canada.

No. 7. Montreal, Jan. 10th, 1878.

Pay to Messrs. McDougall & Davidson or order, the sum of two thousand five hundred and seventy-five.....and $\frac{00}{100}$ DOLLARS, and charge to account of \$2575.00 A. B. C.

Consolidated Bank of Canada.

No. 2. Montreal, Jan. 12th, 1878.

Pay to Messrs. Joseph Tiffin & Co., or order, the sum of seven hundred and ninety-seven.....and $\frac{50}{100}$ DOLLARS, and charge to account of \$797.50 A. B. C.

Consolidated Bank of Canada.

No. 3. Montreal, Jan. 25th, 1878.

Pay to Messrs. Kingan & Kinloch, or order, the sum of Ten hundred and fifty.....and $\frac{00}{100}$ DOLLARS, and charge to account of \$1050.00 A. B. C.

Consolidated Bank of Canada.

No. 4. Montreal, Jan. 25th, 1878.

Pay to Messrs. D. Torrance & Co., or order, the sum of one hundred and ninety-threeand $\frac{74}{100}$ DOLLARS, and charge to account of \$193.74 A. B. C.

APPENDIX.

STERLING EXCHANGE.

The rate of Exchange is in reality the advance on the old par of Exchange which was established many years ago. The way of calculating it is now reduced to the following simple rule as being most accurate.

RULE.—Treat the pound Sterling as if it were four dollars, and the shillings as if they were twenty cents, and the pence as if they were one and two-third cents each. Then arrange the Sterling amount in that way as if it were currency, and then add to that the rate of Exchange in the same manner as you would if it were interest. Add those together, then add one-ninth to the whole, and the product will be the correct answer.

EXAMPLE.

Find the Currency of £175 18 10 Sterling, the rate of exchange being $7\frac{3}{4}$ per cent.

£175 × 4 =	\$700 00
18s. × 20c. =	3 60
10d. × $1\frac{2}{3}$ =	16
	703 76
Rate of Exchange, $7\frac{3}{4}$ p.c.	54 54
	758 30
Add $\frac{1}{9}$ th	84 25
	Answer, \$842 55

In Canada currency.

Note.—What is now called the par of Exchange is $9\frac{1}{2}$ p.c., or equal to \$4.86 $\frac{2}{3}$.

APPENDIX.

TO CONVERT CANADA CURRENCY INTO STERLING.

RULE.—Divide the amount by the Divisor opposite the rate of Exchange, and add two ciphers to the cents, thus:

Example.—What is the amount in Sterling of \$650.27. Exchange being quoted at $8\frac{1}{4}$ per cent?

DIVISOR.	CANADA C'T.	STERLING.
48333	6502700	(£134 10 9.
	48333	
	166690	
	144999	
	219410	
	193332	
	26078	
	20 for shillings.	
	521560	(10
	48333	
	38230	
	12 Pence.	
	458760	(9
	434997	
	23763	

TABLE OF DIVISORS.

RATES OF EXCHANGE.	DIVISORS.	RATES OF EXCHANGE.	DIVISORS.
6 - - - -	47,111	$9\frac{1}{4}$ - - - -	48,778
$6\frac{1}{4}$ - - - -	47,222	10 - - - -	48,889
$6\frac{1}{2}$ - - - -	47,333	$10\frac{1}{4}$ - - - -	49,000
$6\frac{3}{4}$ - - - -	47,444	$10\frac{1}{2}$ - - - -	49,111
7 - - - -	47,555	$10\frac{3}{4}$ - - - -	49,222
$7\frac{1}{4}$ - - - -	47,666	11 - - - -	49,333
$7\frac{1}{2}$ - - - -	47,777	$11\frac{1}{4}$ - - - -	49,444
$7\frac{3}{4}$ - - - -	47,888	$11\frac{1}{2}$ - - - -	49,556
8 - - - -	48,000	$11\frac{3}{4}$ - - - -	49,667
$8\frac{1}{4}$ - - - -	48,111	12 - - - -	49,778
$8\frac{1}{2}$ - - - -	48,222	$12\frac{1}{4}$ - - - -	49,889
$8\frac{3}{4}$ - - - -	48,333	$12\frac{1}{2}$ - - - -	50,000
9 - - - -	48,444	$12\frac{3}{4}$ - - - -	50,111
$9\frac{1}{4}$ - - - -	48,556	13 - - - -	50,222
$9\frac{1}{2}$ - - - -	48,666		

APPENDIX.

INTEREST.

Most offices have an Interest Table Book, but if not convenient and when in a place where such a Book is not handy, the following rule will be found most accurate and easily remembered and understood.

RULE.—Multiply the amount by the rate of interest, and the product by the number of days that the interest has to be calculated on and if there are cents, divide the last product by 36500; but if you omit cents, then divide by 365 only.

EXAMPLE.

What is the Interest on \$2476³⁸/₁₀₀ at the rate of 13 p.c. per annum for 315 days?
Answer, \$277⁸²/₁₀₀ & ³⁴/₁₀₀.

Say \$2476.38

13 rate of interest.

742914

247638

3219294

, 315 days.

16096470

3219294

9657882

36500) 1014077610 (277⁸²/₁₀₀ & ³⁴⁶¹⁰/₃₆₅₀₀

73000

284077

255500

285776

255500

302761

292000

107610

73000

34610

DISCOUNT AND PREMIUMS are sufficiently explained already, and are well known to everybody.

APPENDIX.

TIME.

This Table shews the number of days from any day of one month to the same day of any other month.

FROM ANY DAY OF	TO THE SAME DAY OF											
	Jan'y.	Feb'y	Mar.	April.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.
January	365	31	59	90	120	151	181	212	243	273	304	334
February	334	365	28	59	89	120	150	181	212	242	273	303
March	306	337	365	31	61	92	122	153	184	214	245	275
April	275	306	334	365	30	61	91	122	153	183	214	244
May	245	276	304	335	365	31	61	92	123	153	184	214
June	214	245	273	304	334	365	30	61	92	122	153	183
July	184	215	243	274	304	335	365	31	62	92	123	153
August	153	184	212	243	273	304	334	365	31	61	92	122
September	122	153	181	212	242	273	303	334	365	30	61	91
October	92	123	151	182	212	243	273	304	335	365	31	61
November	61	92	120	151	181	212	242	273	304	334	365	30
December	31	62	90	121	151	182	212	243	274	304	335	365

EXAMPLE No. 1.

How many days from Jan. 10 to Oct. 10?

Answer.—By following the Jan. line of left-hand column until I reach Oct. in the cross lines, I find 273 days as *answer*.

EXAMPLE No. 2.

How many days from March 3rd to July 24th?

Answer.—By following the March line until I come to July, I find 122 days; but that is only from 3rd March to 3rd July, and as there are 21 days more in July to come to the 24th, I add them to 122 days, as noted, which makes 143 days as correct *answer*.

EXAMPLE No. 3.

How many days from August 10th to April 5th?

Answer.—In like manner, follow August line to April, and I find 243, but that is to April 10th, and as the 5th is five days earlier, I must subtract them, and it gives 238 days as *answer*.

APPENDIX.

AVERAGING OF ACCOUNTS, OR THE EQUATION OF TIME AND VALUE.

To be accurate in the debiting or crediting Interest when settling an account, so that neither party may have any advantage as to the point of time, recourse is had to an absolute equitable average of both the days and amounts in question—not by guess work, but by the following unquestionable, clear and decisive calculations, which can always be proved by the lengthy process of Interest on each item.

RULE.—First put down the date, next the amount (omitting cents under 50c., and adding one dollar when over 50c.) then put down the number of days that intervene between the first date and the next in order, and so progress to the end, always bear in mind that the number of days in every case are calculated from the first date in the Account. You then multiply each separate amount, by the number of days so ascertained and set opposite to that amount, placing their product on the right hand side opposite each such calculation. When all this is done, you add the amount of the account under its proper head, and also the product of the calculations in like manner, and then divide the latter by the amount of the account, and the quotient will be the number of days forward from the first date, when that side of the account will average.

Of course the above has reference only to one side of the account.

Each side must be calculated in the same way separately.

EXAMPLE No. 1.

I sold goods to James Harvey at different dates, and all at 3 mos. credit, and want to know the average date of the whole. Say sold on Jan. 10, \$256.70; Jan. 19th, \$134.20; Feb. 11th, \$314.60; and April 19th, \$127.30. *Answer.*—May 7th.

Jan. 10th . .	\$257		
" 19th . .	$134 \times 9 =$	1206	
Feb. 11th . .	$315 \times 32 =$	10080	
Apl. 19th . .	$127 \times 99 =$	12573	
	<hr/>		
	\$833	)	23859
			1666
			<hr/>
			7199
			6664
			<hr/>
			535

(28 Days from Jan'y 10th, is say Feb. 7th, when the average would be due, but to this must be added 3 month's credit which makes the am't actually due May 7th.

APPENDIX.

EXAMPLE No. 2.

I sold good to Charles Chambers on different terms of credit, and want to know the average date when the whole would be equally due. Say I sold on January 5th, \$300 @ 3 mos. and \$150 cash; January 25th, \$200 cash, and \$400 @ 4 mos.; also April 16th, \$200 @ 3 mos. and \$250 at 4 mos.

Answer.—In this case I put down the dates in order of sale and when due, I then rearrange the whole in the manner of Example No. 1, as follows, and the answer will be May 5th actually, because the terms of sales are already taken into account.

ACTUAL SALE AND TERMS.		RE-ARRANGED AS TO TIME WHEN EACH WAS DUE.	
Jan. 5. \$300 at 3 months—due April 5		Jan. 5. \$150—	
" 5. 150 Cash	Jan. 5	" 25. $200 \times 20 = 4000$	
" 25. 200 do	" 25	Apl. 5. $300 \times 90 = 27000$	
" 25. 400 at 4 months	May 25	May 25. $400 \times 140 = 56000$	
Apl. 16. 200 3 do	July 16	July 16. $200 \times 192 = 38400$	
" 16. 250 4 do	Aug. 16	Aug. 16. $250 \times 223 = 55750$	
<hr/>		<hr/>	
\$1500		\$1500	$\left. \begin{array}{r} 181150 \\ 1500 \end{array} \right\} 120 \text{ Days}$
			<hr/>
			3115
			3000
			<hr/>
			1150

The answer of 120 Days from January 5 is May 5th, when all will be due.

DOUBLE AVERAGING, OR EQUATING THE TWO SIDES OF AN ACCOUNT.

This work is not generally known by Book-Keepers as a rule—it is properly speaking the equating of an account current and is done as follows: You must first average each side of the account separately as in the previous method—then multiply the amount of the smallest side of the account by the number of days that intervene between the ascertained average dates of the two sides, and divide the product by the balance of the account, and the quotient will be the number of days to be reckoned backward from the average date of the largest side of the account, *that is*, in all cases where the average date of the smaller side is later than the average date of the former, because such average payments on account were made later than the debt. But when the

APPENDIX.

average date of the smaller side is earlier than the average date of the larger side, then the days produced are reckoned forward from the average date of the largest side. See examples following:—

NOTE.—Having ascertained the average date of each side of the account in manner stated, proceed as per Examples 1, 2 and 3, hereto appended. However, when the work is so far done, the evidence given below of proof of accuracy may be adopted as more simple to those who may not be thoroughly clear on the subject.

EXAMPLE No. 3.

Find the average date when the balance of the following Account Current would fall due; assuming that you have made all the transactions without any terms of credit, or as cash.

Dr. CHARLES SUMNER & Co. IN ACCOUNT WITH A. B. C. (MYSELF.) Cr.

1878					1878				
Feb.	24	To Cash.....	\$300	00	Feb.	11	By Merchandise.	\$564	00
"	28	" do	200	00	"	20	" do ..	311	00
Mar.	19	" Merchandise	175	00	Mar.	3	" do ..	264	00
April	20	" Cash	200	00	"	31	" do ..	226	00
May	26	" do	500	00	April	15	" do ..	354	00
			\$1375	00			Average date of above is Mar. 7.		
		Average date of above, April 10.							
		Balance of acct..	344	00					
			\$1719	00				\$1719	00

Proceed thus.—The smallest side of above account is \$1375

Number of days between March 7th and

April 10th is..... 34

5500

4125

Divide by balance of account, \$344

46750 (136 days.

344

1235

1032

2030

2064 nearly.

Above makes 136 days to be counted back from March 7th (that being the largest side of the account), and makes the balance of the debt due Oct. 22, 1877. This is

APPENDIX.

because the average date of payments on account is later than March 7th. In proof of this being correct, I illustrate it by Interest as follows:—

PROOF OF ACCURACY.

<i>I owed</i> Charles Sumner & Co., as on the 7th March.....	\$1719.00
To this add Interest from March 7th to 26th May, date of settlement.....	22.60
	<u>\$1741.60</u>
<i>Less</i> ; I paid on account as on 10th April.....	\$1375.00
To this add Interest from 10th April to May 26th.....	10.39
Say actual balance in Statement was.....	\$344.00
Interest on \$344 from Oct. 22 to May 26, is... 12.21	Balance due.. <u>\$356.21</u>
	<u>\$356.21</u>

All Interest here 's at 6 per cent.

EXAMPLE No. 4.

In the same way average the following :

<i>Dr.</i> ISAAC FROST IN ACCOUNT WITH A. B. C. (MYSELF.)				<i>Cr.</i>			
1878				1878			
Feb. 16	To Merchandise	200	00	Feb. 16	By Cash	100	00
" 26	" "	300	00	" 27	" "	200	00
Mar. 10	" "	175	00	Mar. 10	" "	100	00
" 28	" "	250	00	" 28	" "	150	00
April 13	" "	350	00	April 30	" "	200	00
	<i>Average date of above is Mar. 15</i>				<i>Average date of above is Mar. 21</i>	750	00
					Balance	525	00
		\$1275	00			1275	00

Proceed thus.—The smallest side in above statement is.....\$750

Number of days between Mar. 15 and 21 is..... 6

Divide by balance of account	\$525	4500	(8 Days.
		4200	
		300	

Above makes 8 days before the average date of the larger side, or equal to MARCH 7TH, at which date the balance would be due, because the payments on account average later than the debt.

APPENDIX.

SPECIAL EXAMPLE No. 5.

In the same way average the following :

<i>Dr.</i> JOSIAH ARNOLD IN ACCOUNT WITH A. B. C. (MYSELF.)					<i>Cr.</i>				
1878					1878				
Feb.	12	To Merchandise	250	00	Feb.	14	By Cash	150	00
"	24	" "	300	00	"	27	" "	200	00
Mar.	6	" "	350	00	Mar.	10	" "	200	00
"	24	" "	200	00	April	1	" "	350	00
April	25	" "	400	00					
		<i>Av'ge date Mar. 16</i>					<i>Av'ge date Mar. 12</i>	900	00
							Balance	600	00
			\$1500	00				\$1500	00

Proceed thus.—The smallest side in above statement is.....\$900

Number of days between Mar. 12 and Mar. 16 is 4

Divide by the balance of account.....\$600 $\left(\begin{array}{r} 3600 \\ 600 \end{array} \right) 6$ Days.

SPECIAL.—Those six days are added to the average date of the largest side because the average date of the payments on account is before the date of the debt, therefore this balance would be due MARCH 22nd.

BUSINESS FORMS.

USUAL FORM OF DRAFT.

\$.....187

Stamp.

.....pay to the order of
.....Dollars, value
received and charge the same to account of
To.....

APPENDIX.

USUAL FORM OF PROMISSORY NOTE.

\$..... 187
 after date promise to pay
 to the order of
 at the
 Dollars
 for value received.

Due

FOREIGN BILL OF EXCHANGE.

No.

..... 187
 EXCHANGE FOR £..... Stg.
 after of this FIRST
 of Exchange, (second and third of same tenor and date
 unpaid) pay to the order of

Sterling value received and charge the same with or
 without further advice to account of

To

The *second* and *third* of Exchange are similar to the *first*—except that they state that they
 are second and third respectively and that the consequent wording is appropriately altered.

USUAL FORM OF RECEIPT.

Montreal, Jan. 15th, 1879.

Received from Joseph Chalmers, Esq., of Toronto, Ont., the sum

Stamp.

1

Cr.

150	00
200	00
200	00
250	00
00	00
00	00
00	00

Days.

of the
before

87

er of
value

APPENDIX.

of one thousand five hundred and twenty $1\frac{1}{2}\%$ Dollars, being his cheque with which to retire his note due 18th inst.

\$1520.00

Signed, A. B. C.

CAUTION.

Special care should always be observed in writing receipts, in order to be safe, and prevent the possibility of any advantage being taken of careless omissions or too comprehensive expressions, by reason of which thousands of dollars have been lost.

Be sure to state in the receipt what you do actually receive, both the *substance* as well as the amount, and when necessary to state in full of account, mention the date to which it is paid up, and in all such cases see that your Books tally with the settlement before you give the receipt.

There is no limit to the forms of receipts, and consequently many are framed specially to cover the intentions of the parties interested; in all such cases the greatest care must be observed, and if of very great importance, better have it examined by a Notary Public or Lawyer than run any risk.

Remember that the expression, "in full of all claims and demands" is the most sweeping way of closing up all recourse at correction should that be found necessary, even if an error be discovered subsequently. Where the least doubt exists as to a possibility of an error, it is better to use only the words, in full of *account* to date and fill in the date intended; or say, in full of this Statement of Account, when written at the bottom of such a document—and if settled by Note give all the particulars and conditions, and state that when said Note is paid it will be a discharge for so much; again, if payment is made by a cheque that has not been accepted by the Bank, the receipt should state that you receive fromhis cheque for the sum of....., say nothing further in such case for the time being; because persons have been led into trouble through granting receipts for cash when only a cheque was given and that not accepted by the Bank for want of funds.

THE END.

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